

HOUSING DEPARTMENT

Impact Analysis Report

OVERVIEW

The Housing Department is responsible for the Rental Dispute Program. In addition to the Rental Dispute Mediation Fee and penalties that are assessed, the Housing Department is also responsible for the collection of an inclusionary fee. Inclusionary fees are paid by developers if they decide to not build inclusionary (affordable) units. This fee is the amount the Housing Department would need to spend to construct a rental/owner unit in-lieu of a developer providing an otherwise required inclusionary unit. Previously, these fees were adjusted by a separate memorandum to Council and were not included in the Fees and Charges document.

The current fee for the non-rent control unit generates approximately \$10,000 in revenue, significantly less than the estimated \$90,000 cost to administer the program. Declining rent rates and increased vacancies in recent months have resulted in fewer rental disputes and evictions and therefore relatively few requests for mediation services. Predictions of ongoing demand for the program services are still uncertain because the program is new and because of the current market conditions. Therefore, staff intends to postpone fee increases another year, to allow a longer, more stable evaluation period. The goal is to arrive at a fee amount that would sustain the program over a period of years and avoid the need to increase fees again in the near future. At the end of 2004-2005, program staff will evaluate costs and develop a recommendation for a fee increase to allow the program to become financially self-sufficient.

For 2004-2005, the fee revenue is being supplemented by Community Development Block Grant (CDBG) funds.

The administration is recommending an adjustment to the Rental Alternative Inclusionary Fee for 2004-2005 to reflect the current market price of building an equivalent rental unit.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Changes are proposed to the 2004-2005 Rental Alternative Inclusionary Fee to reduce the fee from \$63,600 per unit to \$61,500 per unit to reflect the current market price of building an equivalent unit.

No other fee change is recommended at this time.

NOTIFICATION

General public notice of the proposed fee changes will be provided through published Council hearing dates and a minimum of ten days for public review of the 2004-2005 Proposed Fees and Charges Report.

DEPARTMENTAL FEES & CHARGES
HOUSING DEPARTMENT

Service	Adopted 2003-2004 Fee	Council Policy Cost Recovery Category	Adopted Cost Recovery %	Proposed 2004-2005 Fee	2004-2005 Estimated Cost	Estimated 2004-2005 Revenue		% Cost Recovery	
						Current Fee	Proposed Fee	Current Fee	Prop'd Fee
MULTI-SOURCE HOUSING FUND (448)									
1. RENTAL DISPUTE MEDIATION		Category I							
a. Apartment Unit	\$9.09 annually			No Change	560,574	395,415	395,415	83.5%	83.5%
b. Mobile Home Unit	\$6.26 annually			" "		62,600	62,600		
c. Non-Rent Controlled Units	\$.50 annually			" "		10,183	10,183		
2. RENTAL MEDIATION PENALTY	Penalties & interest assessed for delinquent permit payment	Category II		No Change	N/A	8,000	8,000	N/A	N/A
3. INCLUSIONARY FEES	(Resolution 71181 & 71182)	Category II							
a. Rental Alternative Restricted Unit to be developed within a redevelopment project area	\$63,600 per unit			\$61,150 per unit	N/A	N/A*	N/A*	N/A	N/A
b. Rental Alternative Restricted Unit to be developed outside a redevelopment project area	\$127,200 per unit			No Change	N/A	N/A*	N/A*	N/A	N/A
c. Ownership Alternative Restricted Unit to be developed within a redevelopment project area	\$50,000 per unit			" "	N/A	N/A*	N/A*	N/A	N/A
d. Ownership Alternative Restricted Unit to be developed outside a redevelopment project area	\$100,000 per unit			" "	N/A	N/A*	N/A*	N/A	N/A
SUBTOTAL			100.0%		560,574	476,198	476,198	84.9%	83.5%
TOTAL DEPARTMENT - GENERAL FUND					N/A	N/A	N/A	N/A	N/A
TOTAL DEPARTMENT - NON-GENERAL FUND					560,574	476,198	476,198	84.9%	84.9%
TOTAL DEPARTMENT - CATEGORY I					560,574	468,198	468,198	83.5%	83.5%
TOTAL DEPARTMENT - CATEGORY II					N/A	8,000	8,000	N/A	N/A
TOTAL DEPARTMENT					560,574	476,198	476,198	84.9%	84.9%

* Due to the volatility of the housing market, it is difficult to estimate the amount of inclusionary fees developers would pay.